



State of Louisiana

Division of Administration
Office of the Commissioner

October 2, 2014

Dear Members:

Last week at the House Appropriations Committee hearing, many of you requested information and documents related to the Office of Group Benefits (OGB), its finances, structure and history. Some of that information has already been shared with you and we are currently working on compiling the remainder. While some requests will require additional time, the Division of Administration (DOA) and OGB is providing copies of everything we have today. The remaining information will be shared as soon as it is available.

Additionally, I am attaching copies of two memos from Buck Consultants. The memo dated November 12, 2013 was referenced by Commissioner Nichols during the hearing. Due to member requests, we have since asked for an update that is also attached.

As you will see, there are contradictions in the two letters regarding the January 2012 recommendation. We have asked that Buck Consultants clarify their statement for our records and will share it with you once it's received.

OGB began working with Buck Consulting in December 2009. The chart on the next page shows the history of rate recommendations from Buck and the actual rates enacted by OGB through the budget process in House Bill 1. We have also included expenditures and the end of year cash balance to provide additional context for the rate change decisions.

You will see that there are inconsistencies in recommendations compared to claims growth and enacted changes. OGB uses its actuary's recommendations as a part of its decision-making process. However, an actuarial firm does not make the ultimate decision on rate changes. Rate determinations are a collective decision between OGB and DOA leadership using input from Legislators and the OGB advisory board, information provided by the actuary, expected revenue from other sources, historical and projected trends, expected plan and administrative changes and the existing cash balance in the OGB reserves. There is no one factor that determines rate changes.

Year	FY or CY	Buck Rec	Enacted Rate Change	Claims Expenditures (Actuals)	% Change from Prior Year	Year End Fund Balance	Year End Cash Balance
2008	FY		6.00%	\$965,687,195	N/A	\$270,520,780	\$340,690,874
2009	FY		3.70%	\$1,055,311,669	9.3%	\$398,222,020	\$502,885,224
2010	FY		3.00%	\$1,170,511,653	10.9%	\$446,157,290	\$548,441,017
2011	FY	0.90%	0.00%	\$1,147,754,186	-1.9%	\$499,849,750	\$595,428,095
2012	FY	5.60%	5.60%	\$1,280,047,479	11.5%	\$482,803,104	\$592,506,084
2012	CY	-2.25%	5.00%	N/A (mid-year)	N/A (mid-year)	N/A (mid-year)	N/A (mid-year)
2013	FY	1.75%	-7.00%	\$1,259,912,227	-1.6%	\$413,390,319	\$538,191,008
2014	FY	N/A (see notes)	-1.77%	\$1,370,928,646	8.8%	\$207,466,897	\$370,981,933
2015	FY	5.00%	5.00%	N/A	N/A	N/A	N/A

Chart Notes:

1. OGB switched from a plan year based on the fiscal year to a calendar year effective January 1, 2012.
2. While the chart indicates a recommendation of -2.25% decrease in CY 2012, Buck submitted a memo on 9/28/14 that doesn't correlate to this change. We are working with them to clarify the discrepancy between these two memos.
3. Buck Consultants stated that they were not asked to provide rate change recommendation for FY 2014.
4. Buck Consultants FY 2015 rate recommendation is the result of analysis requested by A&M staff, who worked with OGB and DOA to determine the rate change necessary.
5. Claims Expenditure Actuals include self-funded plan medical claims, fully insured medical plan claims, prescription drug claims, etc.

Rate recommendations from Buck were typically received through email and not a formal report. We have requested the emails between OGB's previous CEOs and Buck Consulting so we can provide more documentation of these recommendations. In the meantime, I have attached spreadsheets sent by Buck Consultants that they claim support their recommended rate adjustments.

Additionally, we have requested Buck Consultants' assistance in obtaining information from Mercer, the actuarial firm used prior to 2010.

During the last budget cycle, after new leadership was brought into OGB, it became clear that there were issues with how prior year information was used and weighted in the rate setting process. The supporting documentation surrounding rate changes was, at best, minimal. It did not include analysis of factors that would typically be weighted in a rate decision. For example, there was no discussion of emerging trends that affect claims assumptions.

Both because of the weakness of the actuarial contract and decisions made by previous OGB leadership, DOA and OGB contracted with Alvarez and Marsal to evaluate OGB and its vendors. A&M's insurance experts confirmed our concerns. Their findings show that decision making was often not fully supported by data, that vendors were not being fully utilized and that they were not always held accountable for their work.

Based on this information, the Commissioner asked A&M for recommendations that would strengthen the leadership, organizational structure, plan offerings, financial performance and contractor performance at OGB. Those recommendations resulted in the plan provided in A&M's final report.

Additionally, A&M suggested that OGB not exercise its option to renew its contract with Buck Consulting and instead issue a Request for Proposals (RFP) for 2015. That RFP was issued last Friday. [You can access it here.](#) Proposals are due October 27 and we anticipate announcing the award the week of December 1, 2014.

In the new RFP, we are seeking a vendor that is responsive to the data needs of OGB, anticipates emerging trend factors, documents recommendations with all underlying assumptions, assists in the development and evaluation of plan design changes and makes recommendations based on national and regional trends to improve OGB's plan offerings.

As always, we will continue to work with Members and Legislative staff to provide all information to the best of our ability on a timely basis. We understand your urgency and appreciate your understanding as we continue to conduct open enrollment and respond to all requests from you, active and retired state employees, the media and other interested parties.

If you have additional questions or require additional information, please feel free to contact me at 225-342-7000 or ruth.johnson@la.gov or our legislative director, Ms. Jamie Hanks.

Sincerely,



Ruth Johnson
Deputy Commissioner

Attachments

C: Jamie Hanks
 Tammy Woods
 Kristy Nichols

Date: November 12, 2013

To: Charles Calvi

From: Tom Tomczyk

Re: Rate adjustments

I began working with OGB in 2006 when I was with Mercer. The first rate projections we were asked to provide were for Fiscal Year 2007/2008. Since I joined Buck In October 2009, I do not have any of the history of rate projections prior to Fiscal Year 2010/2011. This history remains with Mercer. I do recall that our rate projection estimates were viewed as recommended adjustments, but were not always implemented.

Below is a summary of the rate recommendations for Fiscal Year 2010/2011 and beyond.

Fiscal Year 2010/2011

Fiscal Year 2010/2011 was the year that OGB awarded the HMO plan administration to BCBSLA. During the NIC process we determined based on the data provided by BCBSLA and other carriers that cost savings due to better provider discounts would save OGB about 4.3% compare to the current HMO plan administrator. This savings was factored into our rate projections and we recommended a 3% rate increase. This increase was implemented by DOA.

Fiscal Year 2011/2012

Early in 2011 OGB was exploring changing the plan year to calendar year to take full advantage of an EGWP program for Medicare retirees. As a result, we provided a number of rate adjustment projections for both a 12 month and 18 month period effective July 1, 2011. We quoted a 5.6% increase for the 12 month period July 1, 2011 through June 30 2012. Later in the year DOA decided that they wanted to move to a calendar year plan year and we were asked to provide a projected rate adjustment for the period January 1, 2012 through December 31, 2012. At the time we provided this updated projection we had sufficient information on the full impact of moving to BCBSLA. We found that the move to BCBSLA resulted in cost savings of around 7%, almost 3% higher than the data from the NIC indicated. Based on this information, and the fact that rates were already increased July 1, 2011, we recommended a 2.25% decrease for calendar year 2012. We learned later that DOA implemented a 5% increase effective January 1, 2012.

We have not been asked to provide recommendations for rate adjustments since calendar year 2012.

Date: 9/28/2014

To: Susan West

From: Tom Tomczyk

Re: Rate adjustments

Below is a summary of the rate recommendations we made beginning with Fiscal Year 2010/2011. Also attached are the supporting documents for these recommendations.

Fiscal Year 2010/2011

Fiscal Year 2010/2011 was the year that OGB awarded the HMO plan administration to BCBSLA. During the NIC process it was determined that the cost savings due to better provider discounts would save OGB about 4.3% compared to the current HMO plan administrator (based on the data provided by BCBSLA and other carriers). In April 2010, based on awarding the HMO contract to BCBSLA and the elimination of the EPO plan, we recommended a 0.9% rate adjustment.

Fiscal Year 2011/2012

Early in 2011, OGB was exploring changing the plan year from a fiscal year to a calendar year to take full advantage of an EGWP program for Medicare retirees. As a result, we provided a number of rate adjustment projections for a 6-month, 12-month and 18-month period effective July 1, 2011. The projection that was implemented was a 5.6% increase for the period from July 1, 2011 through December 31, 2011. We also recommended a 2.95% increase for the 12 month period January 1, 2012 through December 31, 2012.

Later in 2011, we were told that the Department of Administration was going to implement a 5% rate increase effective January 1, 2012 and we were asked for our projection of the indicated rate increase for Fiscal Year 2012/2013. At that time, based on the most recent claims information available, we projected a rate increase of 1.75% needed as of July 1, 2012. To check that projection, we estimated an increase needed as of January 1, 2012 based on rates already increased by 5%. That increase was -2.25%. Further we projected an increase for January 1, 2013 of 5.92%. Taking the average of the increase for January 1, 2012 (-2.25%) and January 1, 2013 (5.92%) generated an increase of 1.84% effective July 1, 2012. This supported our projection of 1.75%. The -2.25% was not a recommendation for January 1, 2012, but only used to validate our projections for Fiscal Year 2012/2013.

We did not recommend a decrease of 7% effective August 1, 2012, or an additional decrease of 1.77% effective August 1, 2013. Further, we were not asked to provide any recommended rate adjustments for any fiscal years beyond what we provided for Fiscal Year 2012/2013.

OFFICE OF GROUP BENEFITS
DETERMINATION OF AN ANNUAL WEIGHTED AVERAGE PREMIUM
BASED ON NOV 2010 DATA - EXCLUDING COBRA

ACTIVE	STATEWIDE PPO RATES JULY 1, 2010				Projected PPO Rates JULY 1, 2011				STATEWIDE HMO RATES JULY 1, 2010				Projected HMO Rates JULY 1, 2011				STATEWIDE CDHP w/HSA JULY 1, 2010				Projected CDHP w/HSA JULY 1, 2011			
	Total Rate	Nov-10 Enroll	Weighted Average Premium	Total Rate	Weighted Average Premium	% Increase	Total Rate	Nov-10 Enroll	Weighted Average Premium	Total Rate	Weighted Average Premium	% Increase	Total Rate	Nov-10 Enroll	Weighted Average Premium	Total Rate	Nov-10 Enroll	Weighted Average Premium	Total Rate	Nov-10 Enroll	Weighted Average Premium	% Increase		
SINGLE WITH SPOUSE WITH CHILDREN FAMILY Total Average	\$ 558.64	7,306	\$ 4,081,424	\$ 626.93	\$ 4,580,376		\$ 527.76	36,336	\$ 19,176,687	\$ 565.21	\$ 20,537,540		\$ 433.64	111	\$ 48,134	\$ 457.82		\$ 50,818	\$ 457.82		\$ 50,818			
	1,186.56	2,542	3,016,256	1,331.62	3,384,069		1,120.84	7,480	8,383,883	1,200.38	8,978,836		921.04	20	18,421	972.40		19,448	972.40		19,448			
	681.32	1,560	992,727	764.61	1,046,753		643.64	13,777	8,867,428	680.32	9,496,696		520.04	13	6,878	558.54		7,261	558.54		7,261			
	1,251.40	1,767	2,211,124	1,404.38	2,481,545		1,182.08	10,910	12,806,493	1,265.97	13,811,678		971.32	21	20,398	1,025.48		21,535	1,025.48		21,535			
	Total	12,084	\$ 10,241,610	\$ 11,405,643		12.2%		68,503	\$ 40,324,492		\$ 52,824,751		7.1%		165	\$ 6,824			\$ 99,062			\$ 99,062		
	Average		\$ 9,463	\$ 10,623		12.2%			\$ 8,640		\$ 9,254		7.1%						\$ 9,032			\$ 9,032		
RETIRED NO MEDICARE & RE-EMPLOYED RETIREE																								
SINGLE WITH SPOUSE WITH CHILDREN FAMILY Total Average	\$ 1,030.28	6,364	\$ 6,613,078	\$ 1,100.45	\$ 7,003,265		\$ 985.00	7,162	\$ 7,054,570	\$ 983.19	\$ 7,041,637		N/A			N/A			N/A					
	1,835.20	2,147	3,940,174	\$ 1,043.22	4,172,066		1,179.24	2,340	4,069,822	\$ 1,176.05	4,062,361		N/A			N/A			N/A					
	1,157.64	196	226,897	\$ 1,223.78	240,252		1,097.20	492	539,822	\$ 1,095.19	538,833		N/A			N/A			N/A					
	1,826.32	340	637,586	1,053.81	674,001		1,730.92	582	1,007,395	1,727.75	1,005,549		N/A			N/A			N/A					
	Total	9,056	\$ 11,418,435	\$ 12,000,504		5.9%		10,576	\$ 12,671,609		\$ 12,648,379		-0.2%											
	Average		\$ 15,130	\$ 16,021		5.9%			\$ 14,378		\$ 14,351													
RETIRED WITH 1 MEDICARE																								
SINGLE WITH SPOUSE WITH CHILDREN FAMILY Total Average	\$ 337.96	12,832	\$ 4,336,703	\$ 335.17	\$ 4,300,050		\$ 325.88	3,457	\$ 1,126,467	\$ 333.71	\$ 1,155,638		N/A			N/A			N/A					
	1,248.72	1,474	1,840,613	1,238.43	1,825,443		1,100.02	1,003	1,194,493	1,219.54	1,223,196		N/A			N/A			N/A					
	584.96	87	50,892	580.14	50,472		560.52	33	18,497	573.99	18,942		N/A			N/A			N/A					
	1,663.80	77	128,113	1,650.09	127,057		1,585.20	81	128,410	1,623.20	131,487		N/A			N/A			N/A					
	Total	14,470	\$ 6,356,320	\$ 6,303,090		-0.8%		4,574	\$ 2,467,938		\$ 2,527,262		2.4%											
	Average		\$ 5,271	\$ 5,228		-0.8%			\$ 6,475		\$ 6,630		2.4%											
RETIRED WITH 2 MEDICARE																								
WITH SPOUSE FAMILY Total Average	\$ 607.48	5,680	\$ 3,450,486	\$ 602	\$ 3,422,047		\$ 584.12	1,462	\$ 853,983	\$ 598.16	\$ 874,504		N/A			N/A			N/A					
	752.16	56	42,121	745.96	41,274		723.24	19	13,742	740.02	14,072		N/A			N/A			N/A					
	5,736		\$ 3,492,607	\$ 7,246	\$ 3,463,821	-0.8%		1,481	\$ 867,725	\$ 7,031	\$ 868,576		2.4%											
	Average		\$ 7,307						\$ 7,031															
	Total																							
Retired with Medicare Weighted Average																								
SINGLE WITH SPOUSE WITH CHILDREN FAMILY Total Average	\$ 337.96	12,832	\$ 4,336,703	\$ 327.76	\$ 4,300,050		\$ 325.88	3,457	\$ 1,126,467	\$ 323.71	\$ 1,155,638		N/A			N/A			N/A					
	739.60	7,154	5,291,100	723.24	5,242,047		730.60	7,154	5,291,100	723.24	5,242,047		N/A			N/A			N/A					
	584.96	87	50,892	560.52	50,472		560.52	33	18,497	573.99	18,942		N/A			N/A			N/A					
	1,279.95	133	170,234	1,273.81	170,234		1,279.95	133	170,234	1,273.81	170,234		N/A			N/A			N/A					
	Total	20,206	\$ 9,848,927	\$ 9,848,927				6,055	\$ 3,335,683		\$ 3,335,683													
	Average		\$5,849	\$5,801		-0.8%			\$6,611		\$6,770		2.4%											
Overall Increase																								
				\$ 31,508,973				\$ 33,351,898				5.8%				\$ 65,331,784				\$ 68,888,969				
				\$ 96,540,758				\$ 102,240,867				5.6%												

OGB for the State of Louisiana
FY 2011 Projected Cost - Paid Claims
Adjusted for Elimination of the EPO plan and Additional Discounts Due to move the BCBS
Actives

	HMO	PPO	HDHP	Total
Midpoint of Claims Period	7/1/2009	7/1/2009	7/1/2009	7/1/2009
Midpoint of Renewal Period	1/1/2011	1/1/2011	1/1/2011	1/1/2011
	1.5	1.5	1.5	1.5
Base Period Claims Paid	\$ 423,167,973	\$ 115,990,604		\$ 539,158,577
Completed Claims Paid	423,167,973	115,990,604	0	539,158,577
Prescription Drugs	93,351,392	33,724,600		127,075,992
Total Paid Claims	\$ 516,519,365	\$ 149,715,204	\$ 0	\$ 666,234,569
Adjustment for Pooled Claims	\$ 0	\$ 0	\$ 0	\$ 0
Adjustment for Autism and Mental Health	12,991,257	3,560,912	0	\$ 16,552,168
Adjusted Claims	\$ 529,510,622	\$ 153,276,116	\$ 0	\$ 682,786,738
Annual Trend Factor Assumption:				
Medical	10.0%	10.0%	10.0%	10.0%
Prescription Drugs	12.0%	12.0%	12.0%	12.0%
Anticipated Increase in Cost and Usage	\$ 84,330,890	\$ 24,622,894	\$ 0	\$ 108,953,784
Projected Paid Claims	\$ 613,841,512	\$ 177,899,009	\$ 29,935,090	\$ 821,675,611
Admin Fee	21,434,322	4,100,905	0	25,535,227
Stop Loss	0	0	0	0
Unpooled Large Claims	0	0	0	0
Required Income	\$ 635,275,834	\$ 181,999,914	\$ 29,935,090	\$ 847,210,838
Enrollment Adjustment	0.9795	0.8229	1.0000	
Final Required Income	\$ 622,232,713	\$ 149,770,955	\$ 29,935,090	\$ 801,938,758
Contract Months Exposed	799,235	155,709	50,260	1,005,204
Total Fiscal 2011 Premiums	576,693,090	124,109,118	29,935,090	730,737,297
Total Fiscal 2010 Premiums	612,625,072	151,833,798		764,458,870
Required Increase	1.57%	-1.36%		1.0%

Retirees with Medicare

	HMO	PPO	EPO	Total
Midpoint of Claims Period	7/1/2009	7/1/2009	7/1/2009	7/1/2009
Midpoint of Renewal Period	1/1/2011	1/1/2011	1/1/2011	1/1/2011
	1.5	1.5	1.5	1.5
Base Period Claims Paid	\$ 13,548,762	\$ 28,153,327		\$ 41,702,089
Completed Claims Paid	13,548,762	28,153,327	0	41,702,089
Prescription Drugs	14,775,592	64,969,802		79,745,395
Total Paid Claims	\$ 28,324,355	\$ 93,123,129	\$ 0	\$ 121,447,484
Adjustment for Pooled Claims	\$ 0	\$ 0	\$ 0	\$ 0
Adjustment for Autism and Mental Health	415,947	864,307	0	\$ 1,280,254
Adjusted Claims	\$ 28,740,302	\$ 93,987,436	\$ 0	\$ 122,727,738
Annual Trend Factor Assumption:				
Medical	10.0%	10.0%	10.0%	10.0%
Prescription Drugs	12.0%	12.0%	12.0%	12.0%
Anticipated Increase in Cost and Usage	\$ 4,884,099	\$ 16,498,395	\$ 0	\$ 21,382,494
Projected Paid Claims	\$ 33,624,401	\$ 110,485,831	\$ 0	\$ 144,110,232
Admin Fee	1,553,578	4,972,799	0	6,526,377
Stop Loss	0	0	0	0
Unpooled Large Claims	0	0	0	0
Required Income	\$ 35,177,979	\$ 115,458,630	\$ 0	\$ 150,636,609
Enrollment Adjustment	1.0000	1.0000	1.0000	
Final Required Income	\$ 35,177,979	\$ 115,458,630	\$ 0	\$ 150,636,609
Contract Months Exposed	62,940	242,376		305,316
Total Fiscal 2011 Premiums	34,918,837	118,680,141	0	153,598,978
Total Fiscal 2010 Premiums	35,278,559	119,617,698		154,896,257
Required Increase	-0.29%	-3.48%		-2.8%

OGB for the State of Louisiana
FY 2011 Projected Cost - Paid Claims

Retirees without Medicare

	HMO	PPO	EPO	Total
Midpoint of Claims Period Midpoint of Renewal Period	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5
Base Period Claims Paid	\$ 92,620,398	\$ 101,208,469	\$ 0	\$ 193,828,867
Completed Claims Paid	92,620,398	101,208,469	0	193,828,867
Prescription Drugs	21,929,313	28,613,779	0	50,543,093
Total Paid Claims	\$ 114,549,711	\$ 129,822,249	\$ 0	\$ 244,371,960
Adjustment for Pooled Claims	\$ 0	\$ 0	\$ 0	\$ 0
Adjustment for Autism and Mental Health	2,843,446	3,107,100	0	\$ 5,950,546
Adjusted Claims	\$ 117,393,157	\$ 132,929,349	\$ 0	\$ 250,322,506
Annual Trend Factor Assumption:				
Medical	10.0%	10.0%	10.0%	10.0%
Prescription Drugs	12.0%	12.0%	12.0%	12.0%
Anticipated Increase in Cost and Usage	\$ 18,735,240	\$ 21,334,268	\$ 0	\$ 40,069,507
Projected Paid Claims	\$ 136,128,397	\$ 154,263,617	\$ 0	\$ 290,392,013
Admin Fee	2,846,636	2,353,813	0	5,200,449
Stop Loss	0	0	0	0
Unpooled Large Claims	0	0	0	0
Required Income	\$ 138,975,033	\$ 156,617,430	\$ 0	\$ 295,592,462
Enrollment Adjustment	1,0000	1,0000	1,0000	
Final Required Income	\$ 138,975,033	\$ 156,617,430	\$ 0	\$ 295,592,462
Contract Months Exposed	115,812	114,180	0	229,992
Total Fiscal 2011 Premiums	138,983,400	145,098,793	0	284,082,193
Total Fiscal 2010 Premiums	141,843,397	146,044,956		287,888,353
Required Increase	-2.02%	7.24%		2.7%

Total

	HMO	PPO	HDHP	Total
Midpoint of Claims Period Midpoint of Renewal Period	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5	7/1/2009 1/1/2011 1.5
Base Period Claims Paid				
Completed Claims Paid				
Prescription Drugs				
Total Paid Claims				
Adjustment for Pooled Claims				
Adjustment for Autism and Mental Health				
Adjusted Claims				
Annual Trend Factor Assumption:				
Medical				
Prescription Drugs				
Anticipated Increase in Cost and Usage				
Projected Paid Claims				
Admin Fee				
Stop Loss				
Unpooled Large Claims				
Required Income				
Enrollment Adjustment				
Final Required Income	\$ 796,385,725	\$ 421,847,015	\$ 29,935,090	\$ 1,248,167,829
Contract Months Exposed	977,987	512,265	50,260	1,540,512
Total Fiscal 2011 Premiums	750,595,327	387,888,052	29,935,090	1,168,418,469
Total Fiscal 2010 Premiums	789,747,028	417,496,452		1,207,243,480
Required Increase	0.84%	1.04%		0.9%

OGB for the State of Louisiana
CY 2012 Projected Cost - Incurred Claims

Actives

	HMO	PPO	Total
Midpoint of Claims Period	1/1/2011	1/1/2011	1/1/2011
Midpoint of Renewal Period	7/1/2012	7/1/2012	7/1/2012
	1.5	1.5	1.5
Base Period Claims	\$ 447,282,745	\$ 93,816,244	\$ 541,098,989
Completed Claims	447,282,745	93,816,244	541,098,989
Prescription Drugs	107,415,633	29,964,448	137,380,081
Total Claims	\$ 554,698,378	\$ 123,780,692	\$ 678,479,070
Adjustment for Pooled Claims	0	0	0
Adjusted Claims	\$ 554,698,378	\$ 123,780,692	\$ 678,479,070
Annual Trend Factor Assumption:			
Medical	8.0%	8.0%	8.0%
Prescription Drugs	10.0%	10.0%	10.0%
Anticipated Increase in Cost and Usage	\$ 71,242,188	\$ 16,085,421	\$ 87,327,609
Projected Claims	\$ 625,940,566	\$ 139,866,113	\$ 765,806,679
Admin Fee	22,545,270	3,367,208	25,912,478
Stop Loss	0	0	0
Unpooled Large Claims	0	0	0
Required Income	\$ 648,485,836	\$ 143,233,321	\$ 791,719,157
Enrollment Adjustment	1,0000	1,0000	
Final Required Income	\$ 648,485,836	\$ 143,233,321	\$ 791,719,157
July 2011 - Dec 2011 Premiums - Annualized	\$ 617,200,648	\$ 123,676,592	\$ 740,877,240
Required Increase	5.07%	15.81%	6.86%

Retirees with Medicare

	HMO	PPO	Total
Midpoint of Claims Period	1/1/2011	1/1/2011	1/1/2011
Midpoint of Renewal Period	7/1/2012	7/1/2012	7/1/2012
	1.5	1.5	1.5
Base Period Claims	\$ 19,389,097	\$ 30,760,557	\$ 50,149,654
Completed Claims	19,389,097	30,760,557	50,149,654
Prescription Drugs	20,099,726	70,888,866	90,988,592
Total Claims	\$ 39,488,823	\$ 101,649,423	\$ 141,138,246
Adjustment for Pooled Claims	0	0	0
Adjusted Claims	\$ 39,488,823	\$ 101,649,423	\$ 141,138,246
Annual Trend Factor Assumption:			
Medical	6.0%	6.0%	6.0%
Prescription Drugs	10.0%	10.0%	10.0%
Anticipated Increase in Cost and Usage	\$ 4,860,059	\$ 13,704,462	\$ 18,564,521
Projected Claims	\$ 42,127,311	\$ 109,575,456	\$ 151,702,767
Admin Fee	2,005,548	5,284,237	7,289,785
Stop Loss	0	0	0
Unpooled Large Claims	0	0	0
Required Income	\$ 44,132,859	\$ 114,859,693	\$ 158,992,551
Enrollment Adjustment	1,0000	1,0000	
Final Required Income	\$ 44,132,859	\$ 114,859,693	\$ 158,992,551
July 2011 - Dec 2011 Premiums - Annualized	\$ 45,425,586	\$ 123,848,780	\$ 169,274,366
Required Increase	-2.85%	-7.26%	-6.07%

OGB for the State of Louisiana
CY 2012 Projected Cost - Incurred Claims

Retirees without Medicare

	HMO	PPO	Total
Midpoint of Claims Period	1/1/2011	1/1/2011	1/1/2011
Midpoint of Renewal Period	7/1/2012	7/1/2012	7/1/2012
	1.5	1.5	1.5
Base Period Claims	\$ 107,729,154	\$ 98,636,228	\$ 206,365,381
Completed Claims	107,729,154	98,636,228	206,365,381
Prescription Drugs	30,222,825	29,421,623	59,644,448
Total Claims	\$ 137,951,979	\$ 128,057,850	\$ 266,009,830
Adjustment for Pooled Claims	0	0	0
Adjusted Claims	\$ 137,951,979	\$ 128,057,850	\$ 266,009,830
Annual Trend Factor Assumption:			
Medical	8.0%	8.0%	8.0%
Prescription Drugs	12.0%	12.0%	12.0%
Anticipated Increase in Cost and Usage	\$ 18,782,887	\$ 17,521,735	\$ 36,304,622
Projected Claims	\$ 156,734,866	\$ 145,579,586	\$ 302,314,452
Admin Fee	3,536,253	2,312,854	5,849,107
Stop Loss	0	0	0
Unpooled Large Claims	0	0	0
Required Income	\$ 160,271,119	\$ 147,892,440	\$ 308,163,558
Enrollment Adjustment	1,0000	1,0000	
Final Required Income	\$ 160,271,119	\$ 147,892,440	\$ 308,163,558
July 2011 - Dec 2011 Premiums - Annualized	\$ 169,187,325	\$ 143,426,593	\$ 312,613,919
Required Increase	-5.27%	3.11%	-1.42%

Total

	HMO	PPO	Total
Midpoint of Claims Period	1/1/2011	1/1/2011	1/1/2011
Midpoint of Renewal Period	7/1/2012	7/1/2012	7/1/2012
	1.5	1.5	1.5
Base Period Claims	\$ 574,400,996	\$ 223,213,028	\$ 797,614,024
Completed Claims	574,400,996	223,213,028	797,614,024
Prescription Drugs	157,738,184	130,274,937	288,013,121
Total Claims	\$ 732,139,180	\$ 353,487,965	\$ 1,085,627,145
Adjustment for Pooled Claims	0	0	0
Adjusted Claims	\$ 732,139,180	\$ 353,487,965	\$ 1,085,627,145
Annual Trend Factor Assumption:			
Medical			
Prescription Drugs			
Anticipated Increase in Cost and Usage	\$ 94,885,134	\$ 47,311,618	\$ 142,196,752
Projected Claims	\$ 824,802,743	\$ 395,021,154	\$ 1,219,823,897
Admin Fee	28,087,070	10,964,299	39,051,369
Stop Loss	0	0	0
Unpooled Large Claims	0	0	0
Required Income	\$ 852,889,813	\$ 405,985,453	\$ 1,258,875,267
Enrollment Adjustment	1,0000	1,0000	
Final Required Income	\$ 852,889,813	\$ 405,985,453	\$ 1,258,875,267
July 2011 - Dec 2011 Premiums - Annualized	\$ 831,813,559	\$ 390,951,965	\$ 1,222,765,524
Required Increase	2.53%	3.85%	2.95%